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SUBJECT: CHILEAN ENERGY MINISTER TOKMAN OUTLINES SOLAR ENERGY PILOT PROJECT

¶1. (SBU) Summary: In a November 10 meeting with the Ambassador, Energy Minister Marcelo Tokman reviewed Chile's progress in moving ahead on renewable energy projects. Recognizing the difficulty of launching any commercial-sized solar generation project without government incentive, Tokman indicated that he had secured up to \$15 million in direct budgetary support to subsidize the capital costs of a 10 megawatt solar generation plant. The GOC planned to offer those subsidies in a public tender in the near future. Tokman said he believed that with the capital cost reduction, it would be possible to attract companies to bid, drawing on both solar photo voltage and concentrating solar power technologies. He invited U.S. firms to bid on the project, noting the three firms that Chilean authorities (accompanied by the Ambassador) had visited in their June trip to California. End Summary.

Germany To Support Renewable Energy Sector

¶2. (SBU) In order to demonstrate other countries' support for Chile's energy sector, Tokman shared with the Ambassador details on Germany's current contribution to renewable energy projects in Chile. From 2004 through 2012, the German Government plans to contribute a total of 95 million Euros to the GOC to fund advances in the sector: 7 million Euros in technical assistance, 8 million Euros in grants, and 80 million Euros in lines of credit managed by CORFO.

A Call For Help

¶3. (SBU) Tokman highlighted this initiative as an excellent opportunity for the U.S. to work with Chile in the solar energy sector. The Minister encouraged the USG to support the effort financially by fully matching the GOC's award with U.S. funds to increase the overall amount of the subsidy and thus strengthen the impact of the project. Tokman regarded this endeavor as a way the U.S. can also help reduce greenhouse gas emissions in Chile. He characterized the proposal as an example for the international community that showed progress in the energy sector is feasible through the use of renewable resources.

¶4. (SBU) The Ambassador expressed interest in the proposal.

Confidence in Hydroelectric Generation

¶5. (SBU) Tokman expressed optimism over the future of the hydropower project under consideration for Region XI's Baker and Pascua Rivers. HydroAysen, an energy company, plans to build five major dams in the area which have an estimated price tag of \$3.2 billion and would add approximately 2,750 MW of electricity to Chile. Tokman admitted that the project

could not be completed during the Bachelet Administration. He expected significant opposition to the project due to the size and environmental implications of the endeavor.

One Step Closer to Nuclear Energy

¶6. (SBU) The Ambassador raised the recent nuclear energy studies requested by the GOC. The Chilean National Energy Commission is in the process of selecting an international corporation to investigate the feasibility of developing nuclear energy in Chile. Tokman listed four finalists for the GOC's three proposed projects but did not indicate a preference among their proposals. (NOTE: Subsequent to the Ambassador's meeting with Tokman, the GOC announced its selection: Amec-Cade, (British-Chilean), Stuk (Finnish), and Technopark-Intermash (Chilean-Russian).) The Ambassador noted the project's scope and the study's guidelines had perhaps been too narrow to raise much interest among American firms.

SIMONS